



Ratos Capital Markets Day 2019

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13 November 2019

Purpose of today

Ratos YTD

Our new Ratos

Company presentations
Aibel, Diab and HL Display

Summary



Ratos at a glance LTM

12 300

Employees in 12 companies

36 (24)

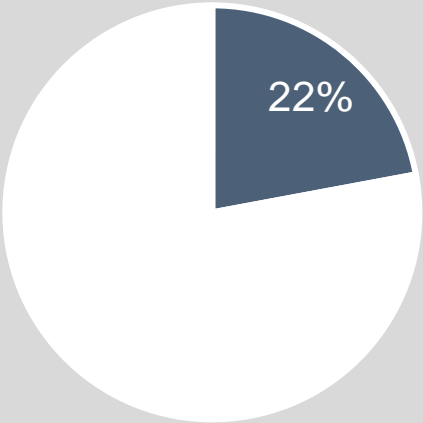
Billion SEK in revenue

1.6 (0.9)

Billion SEK in EBITA

Share of Ratos LTM EBITA

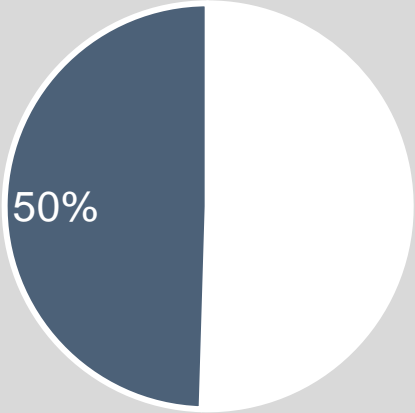
Construction & Services



2%
EBITA margin



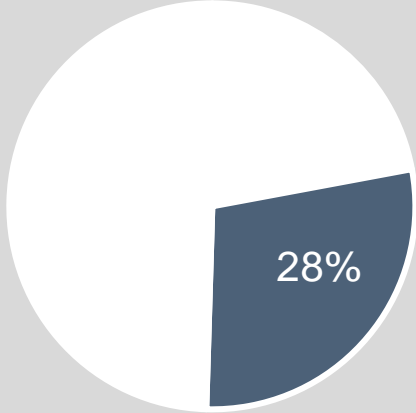
Consumer & Technology



6%
EBITA margin



Industry



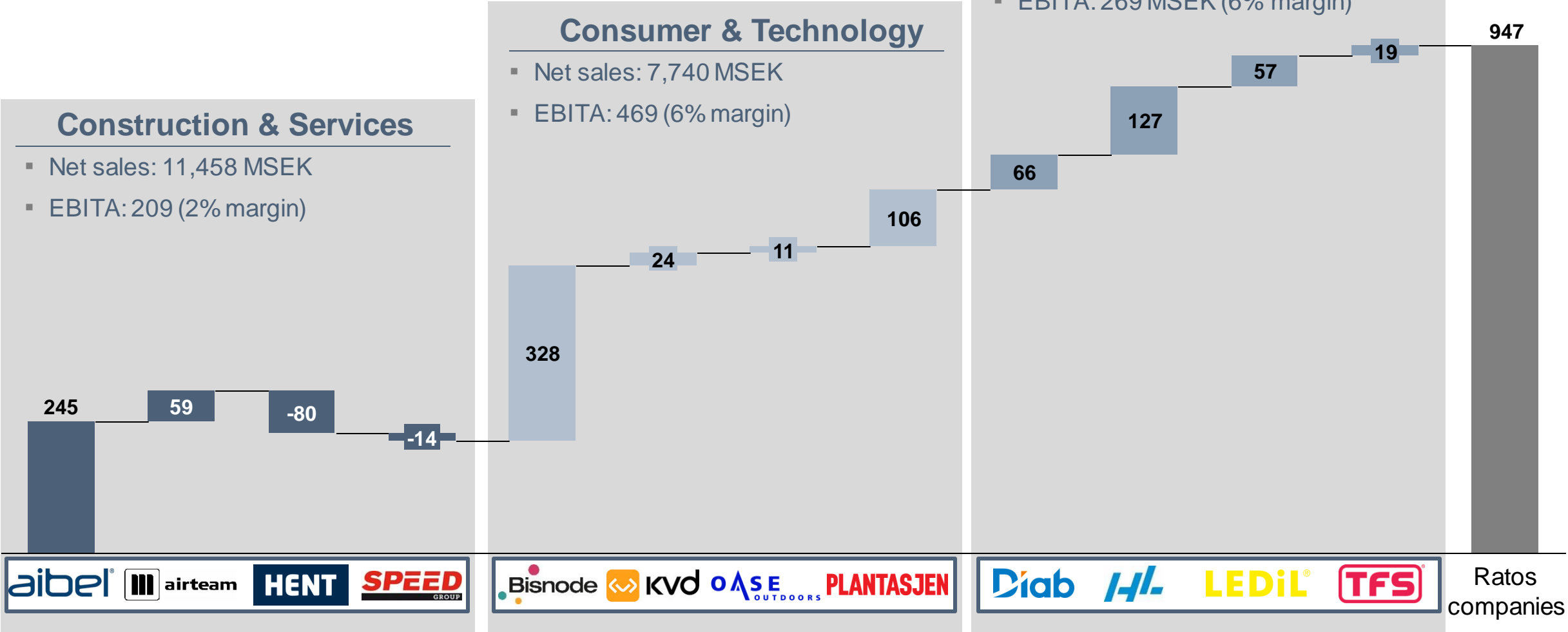
6%
EBITA margin



Note: 100% of companies, within parenthesis adjusted for Ratos ownership share

Business Areas

Last twelve months EBITA (adjusted for ownership share)
(MSEK, excl. IFRS 16)



Hard, harder and hardest

Structure

Hard

- Decentralized P&L
- Clear responsibility
- No Matrix
- Majority of the Exec. team should consist of line managers

Processes & Systems

Harder

- Processes before systems
- Easy to use
- Systems an area of “over belief”

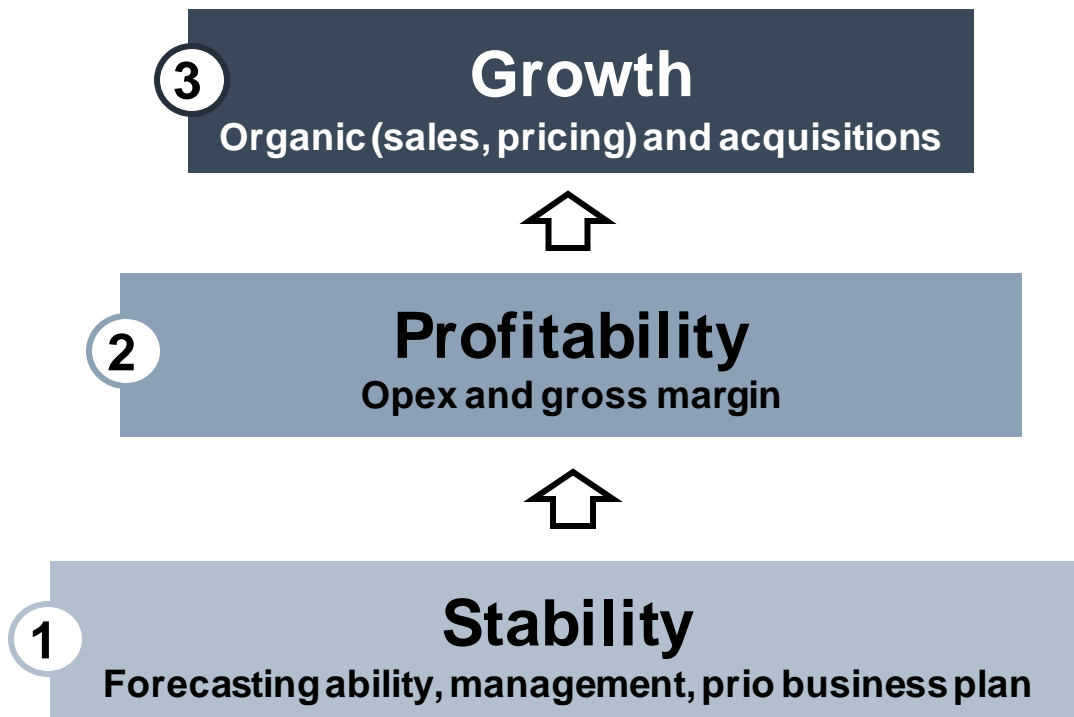
Culture

Hardest

- Simplicity
- Speed
- It’s all about people
- Transparency
- External focus
- Work hard & Have fun

Continue to focus on our current companies

Ratos priority



Underperforming companies

Action list

- Governance
- Management
- Indirect costs, gross margin and organic growth

Top 3 priorities for turn-around

Great CEO's in our companies is the most important thing for good results in Ratos

➔ HIGH PERFORMING TEAM

➔ STRONG EXECUTION (80%)

➔ CLEAR STRATEGY (20%)

➔ GREAT PLACE TO WORK

Changes in the business group

Changed CEO



Changed COB



Structural changes



Divestment of Jøtul



Divestment of Gudrun Sjödén Group



Increased ownership of TFS



Divestment of Spira
(Plantasjen subsidiary)

Highlights third quarter 2019

- 10 out of 12 companies increased their profits during the quarter (2 out of 13 first quarter 2018)
- EBITA increased from 120 MSEK to 302 MSEK (excl. IFRS 16 effect)
- Revenue growth of 17% (8%)
 - Organic growth of 16% (8%)
 - Whereof FX 0%
- YTD EBITA growth 13% (-11%)
 - Revenue growth of 13% (5%)
 - Organic growth of 13% (3%)
- Divested Spira (Plantasjen subsidiary)
- New CEO Plantasjen
- Recruited new CEO in LEDiL
- Improved cash flow





Dividend policy

The Ratos share should be characterized by steadily increasing dividends over time linked to an increasing profit and a stable financial position.

The Board of Directors makes the assessment that with a dividend share of 30–50 percentage of profit after tax attributable to the parent company's owners, these conditions are safeguarded.

Update on financial position

- Focus on cash flow and capital employed
- Improved cash flow from operations for the 9 months
- Lowered gearing in 10 of 12 companies
 - Improved EBITDA and lower net debt over all
- Aiming to reach ~2-3x over reasonable period of time, 7 companies achieving this
- Comments on outliers
 - Earnings in Diab impacted by items affecting comparability and by injection of capital over 12 months (2018-Q4 & 2019-Q1)
 - Earnings in Speed impacted by items affecting comparability over 12 months – Q219
 - Net debt impacted by acquisition in airteam
 - Long term capital structure in Plantasjen under review
 - Oase quality issues identified and addressed

Net debt / EBITDA LTM (Excl. IFRS 16)			
	2019	2018	
Aibel	2,9	5,2	Green
airteam	2,8	1,6	Yellow
Bisnode	2,1	2,6	Green
Diab	3,6	Neg	Grey
HENT	Net Cash	Net Cash	Green
HL display	2,4	4,6	Green
Kvdbil	0,8	1,8	Green
LediL	2,5	2,6	Green
Oase Outdoors	13,2	4,8	Yellow
Plantasjen	10,7	10,1	Yellow
Speed	Neg	5,2	Grey
TFS	2,9	Neg	Green

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Summary



Ratos history

1866 Steel-
wholesaler
Söderberg
& Haak is
founded



1938
Adelswärdska
building HQ



1980
Strategy update:
Focus on a couple
of fully owned
daughter
companies

1999
Strategy update:
Only invest in un-
listed companies
(PE approach)

1866

1900

1950

1980

1990

2000

2020

OUR NEW
RATOS

Ratos

1934 Ratos is
founded

1954 Ratos introduced
on the Stock exchange



1995
Strategy update:
No unlisted
companies, focus
on listed portfolio

Who we are

Ratos is a business group that enables independent mid sized companies to excel by being part of something larger

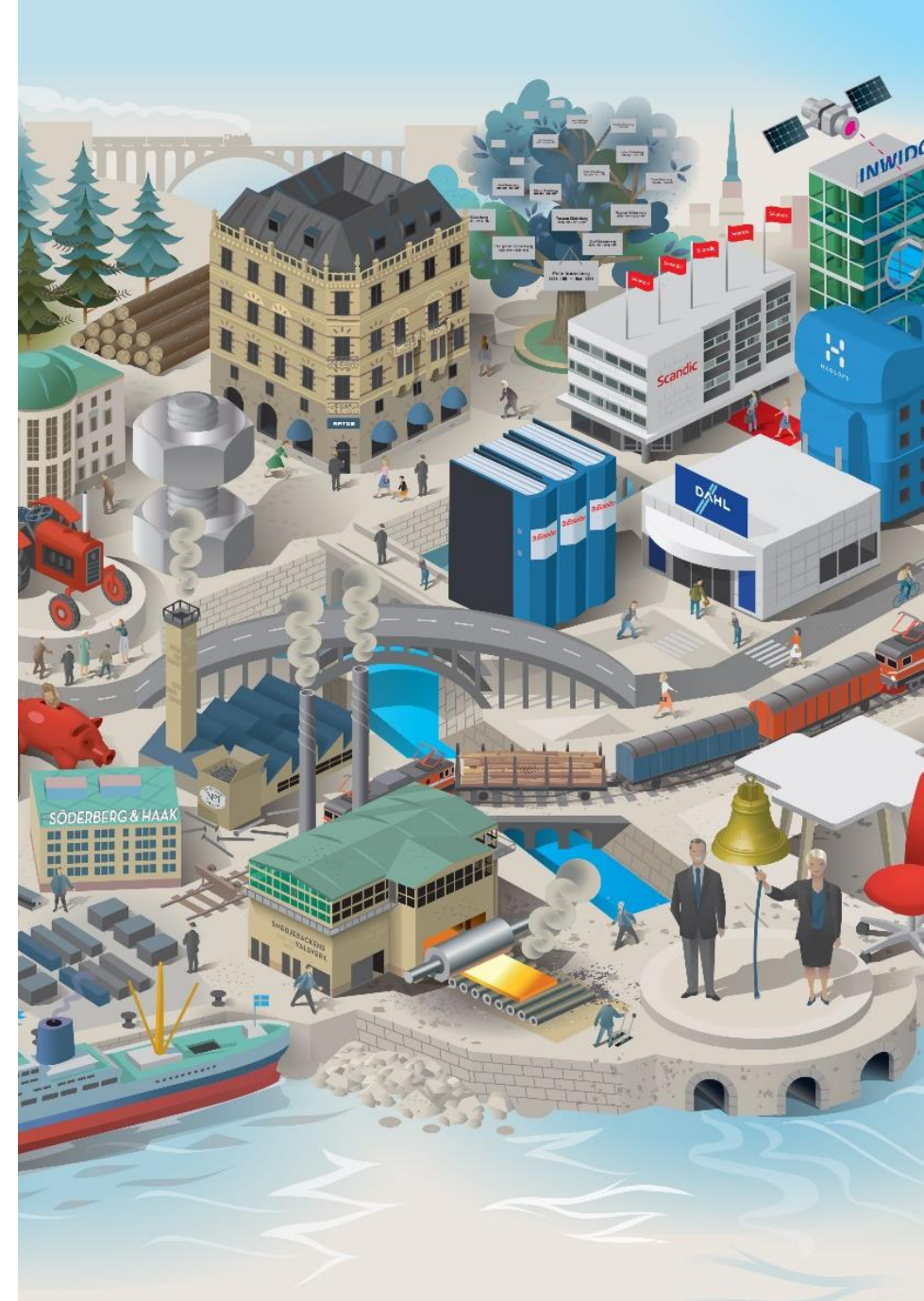


Our Mission

We acquire and develop mid-sized companies, with a headquarter in the Nordics, who are or can become market leaders

Ratos a business group - Our future

- A limited number of mid-sized companies rather than a large number of smaller companies
- Companies and people are more important than sector outlooks
- Take advantage of global trends (Globalisation, Digitalisation, Urbanisation & Sustainability)
- We own and invest in companies with certain characteristics
 - Market leading or ability to become
 - Best in class profitability or ability to become
 - Good cash generation
 - Platforms for add on acquisitions
 - Strong brands
 - Benefit from Ratos Network

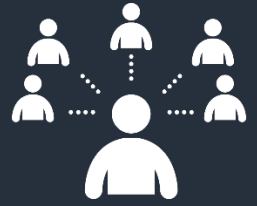


The Ratos network

Our companies are independent and excel by being part of something larger

Sharing knowledge and experiences within and between industries throughout the Ratos network makes each company stronger

Ratos business council



Ratos business executive leadership program



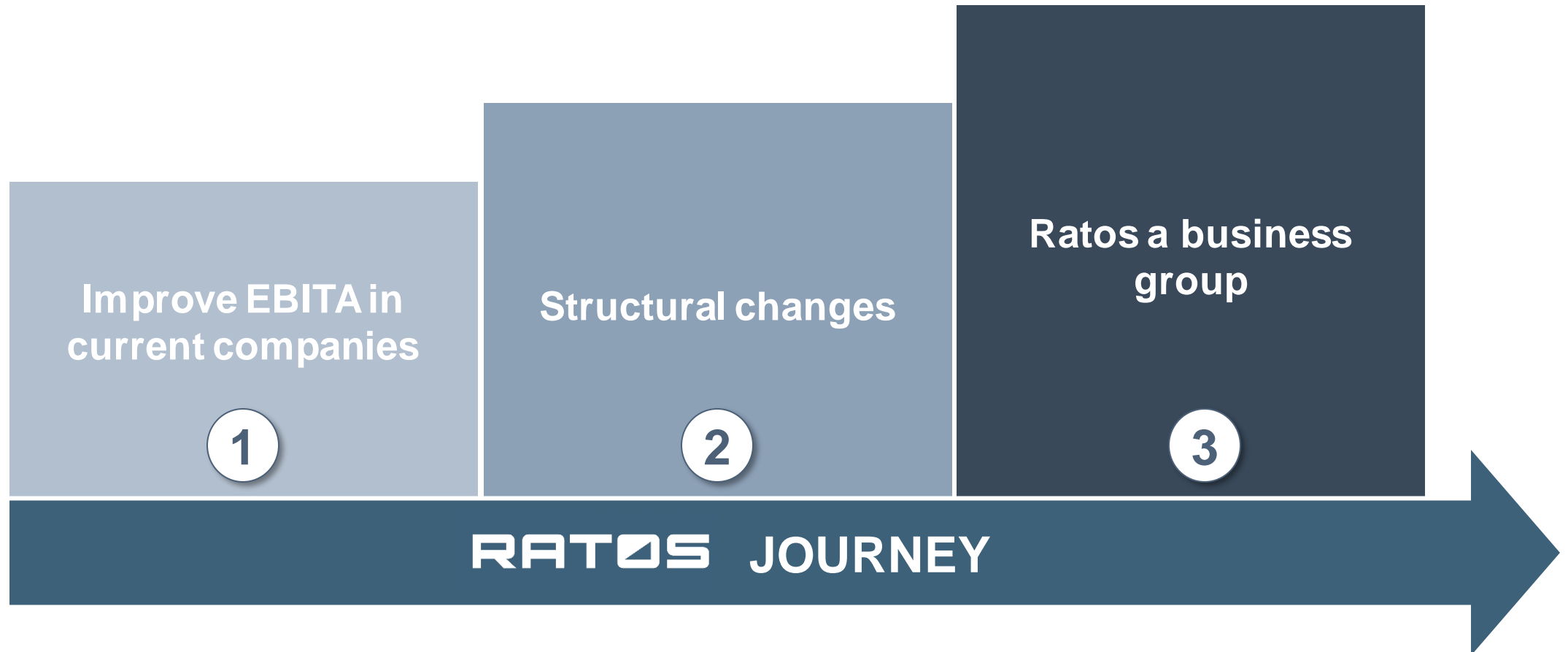
Ratos executive network



Ratos summit



Our transformation journey



Our Core Values

- **Simplicity**
- **Speed in execution**
- **It's all about People**



Ratos Rule Book

- Good profitability is the foundation for growth
- Leading profitability amongst peers
- Decentralized structure and culture enables good profitability, avoid matrix organization
- Transparency in the P&L chain, all managers know their true profit contribution
- Minimize board work

Ratos Management principles (1/2)

- Stability – Profitability – Growth
- Majority of the Executive team should consist of line managers
- What is measured will be done, but don't measure everything
- Build on your strengths





Ratos Management principles (2/2)

- Opex can always be improved
- Pricing can always be improved
- Benchmark between units, companies and countries
- Customer talk, we listen
- Organic growth is 1st priority, whereas acquired growth in combination with tangible synergies also drive significant value

How do we operate

- Larger companies - Smaller Ratos AB
- Less board meetings
- Monthly Business Reviews
- More phones calls
- More site visits
- More Fun



My task

To increase shareholder value in a growing Ratos

RATOS